

Credit Union Newsletter Spring 2023

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£900 Cost of Living payments for many

There is a ray of hope for many of our members who are struggling with their finances in 2023.

Over 8 million people will get £900 this year as part of the government 'Cost of Living' (COL) package. The DWP have said the payments will be paid directly into people's accounts, on three separate dates.

You will be entitled to COL payments if you receive a means-tested benefit like Universal Credit, Employment Support Allowance (income based), Job Seekers Allowance, Child Tax Credit, Pension Credit or Income Support.

We paid out hundreds of £324 COL payments to Credit Union members in November, as they came in over several weeks. Not everyone will get their payment on the same date, and actual dates are not yet known, but we are expecting payments of:

- **£301** COL paid in Spring 2023
- **£150** extra Disability Payment paid in Summer 2023
- **£300** COL paid in Autumn 2023
- **£300** extra Pensioner Payment paid in Winter 2023/4
- **£299** COL paid in Spring 2024

The Chancellor, Mr Jeremy Hunt MP acknowledged that these are difficult times for many people and said *"that is why we are putting a further £900 into the pockets of over 8 million low-income households this year."*

Are you missing out on Pension Credit?

Martin joined the Credit Union five years ago. He was encouraged to apply for Pension Credit and the DWP helped him to get his correct money. He said *"I am now better off and encouraged my friends to apply – I am really pleased by the service we get from our credit union."*

You could be missing out on as much as £185 every four weeks, though the amount varies depending on individual circumstances.

The DWP estimates that 800,000 pensioners are missing out on getting Pension Credits.

We encourage members to claim Pension Credit, Carers Allowances, Personal Independence Payments.

Members with a means-tested benefit like Pension Credits should also be entitled to COL payments and winter fuel allowances, worth a total of £1,251 this year.

To be entitled to Pension Credits you must be 66 years or over, and in receipt of the state pension. Go to: <https://www.gov.uk/pension-credit/how-to-claim> and fill out the simple form to apply.

No increase to the cost of your loan

Though base rates and household costs are increasing, the good news for our members is that Credit Union interest rates have not changed.

And we are still offering larger Personal loans and Loyalty Saver loans at our best ever rates:

- **5.9% APR** on £5,000 to £9,999
- **4.9% APR** on £10,000 to £15,000 and on new Loyalty Saver loans

Even better, these are fixed for the loan term, not variable rates that could go up if base rates rise again.

We might have to increase loan rates later in 2023, as our costs have increased as well. But if we do, this will not apply to existing loans.

AGM 2nd Mar 2023

We invite and encourage all our members to attend our Annual General Meeting, to be held at:

7.30pm on Thursday 2nd March at The Grove Centre, 2 Jews Walk, Sydenham, London SE26 6PL



This is on Bus routes 122, 176, 197, 202 & 356, with free street parking.

At the AGM, we will provide an update on the activities of the Credit Union. You could be social with other members, staff and directors, ask questions and provide feedback or ideas about the Credit Union and the services we offer.

Unlike banks, the Credit Union is owned by our members and run for mutual benefit to our communities.

To join in the social event, please come on the day in person. **There will be a free three course buffet meal for all those who attend.**

This year we will hold the AGM in a hybrid format. You will also be able to attend online via the Zoom videoconferencing system.

If you wish to join via Zoom, please email your full name, telephone number and member number to us at agm@pluscu.co.uk in order to register and receive a link to attend the meeting. You will also find details of how to register on the AGM page at www.pluscu.co.uk.

Even if you register to participate online, you can still attend in person.

The full agenda for the meeting is on our website.

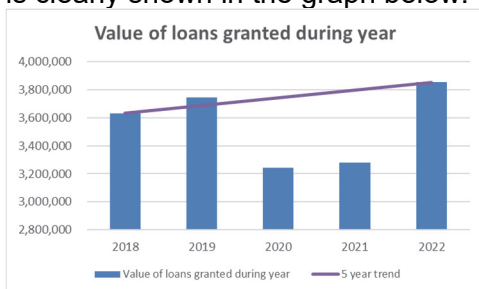
If you are interested in becoming a volunteer or officer for the Credit Union, please get in touch with a member of staff by visiting a branch, telephoning us on 020 8778 4738 or emailing us at ceo@pluscu.co.uk.

Annual Report 2022

We are pleased to report that we had a successful year – just in time for the Cost of Living crisis and recession. At least the impact of the pandemic has faded. Highlights are:

- Adult membership was slightly down to 12,692 adults, plus 1,478 juniors and 51 corporate members. 979 adults and 107 juniors joined during the year.
- Active adult membership was 10,110 members (79.6%).
- **Savings grew by £0.6m (5.9%)** to £10.5m for adults, £487k for juniors and £55k for corporate.
- Net loans (after provisions for doubtful debts) **increased by £662k (15.4%) to £4.97m.**
- **We issued 6,925 loans totalling £3.85m**, slightly up from 6,817 loans totalling £3.28m last year.

Loan recovery from pandemic years is clearly shown in the graph below:



- Bad debt and provisions up to 4.8% of loans (4.4% last year)
- **Surplus** after tax and dividends of £97,795, capital ratio 10.5%
- Dividends (subject to AGM) are:
 - **1.5% for junior savers** (up from 0.75% last year)
 - **0.5% for adult and corporate members** (0.25% last year)

Given the good overall result, the board is proposing an increase in dividends. Not enough to offset high inflation, but double last year and this will help a little with members' savings and to reward junior savers.

We are grateful for ongoing partner support from Lewisham Homes, Lewisham Council, Phoenix, Clarion and Bromley Council.

Our Annual Report and Accounts for the year to 30th Sept 2022 are now available on our website (under the "About Us" section). The report will be presented at our AGM, and is available at branches on request.

Revenue Account for year ended 30th Sept 22

	2022	2021
Loan interest receivable	988,191	922,316
Interest payable	(26,116)	(19,235)
Net interest income	962,075	903,081
Fees receivable	30,758	29,814
Fees payable	(50,171)	(42,600)
Net fees and commission	(19,413)	(12,786)
Other operating income	28,371	176,846
Administrative expenses	(566,339)	(577,492)
Depreciation	(39,308)	(40,434)
Other operating expense	(115,988)	(106,552)
Impairment on loans for bad and doubtful debts	(145,673)	(117,544)
Surplus before tax	103,725	225,119
Corporation tax	(5,930)	(4,214)
Surplus for year	<u>97,795</u>	<u>220,905</u>
Comprehensive income	97,795	220,905

'Interest payable' means dividends paid to members.

Balance Sheet 30th Sept 22

	2022	2021
Assets		
Cash and central banks	45,559	28,988
Bank accounts	7,653,605	7,507,091
Loans to members	4,968,966	4,306,814
Tangible fixed assets	54,881	82,407
Prepaid/accrued income	<u>44,939</u>	<u>48,517</u>
Total Assets	<u>12,767,950</u>	<u>11,973,817</u>
Liabilities		
Customer accounts	11,074,975	10,393,507
Other liabilities	52,846	43,857
Accruals/deferred income	<u>240,025</u>	<u>234,144</u>
	11,367,846	10,671,508
Other reserves	518,434	486,948
General reserves	<u>881,670</u>	<u>815,361</u>
Total reserves	<u>1,400,104</u>	<u>1,302,309</u>
Total Liabilities	<u>12,767,950</u>	<u>11,973,817</u>

Paul Treece, Treasurer - extract from audited accts.

Foodbank donation

Instead of our usual December Hamper Competition and Secret Santa's, the directors and staff ran a collection for our local foodbanks.

We raised a whopping £535, with which we bought a range of nearly 500 items. These were split equally between the Lewisham and Bromley Foodbanks, to help those in need at Christmas. *The picture shows some of what we were able to donate.*



Our Vision

To promote financial inclusion and be a trusted provider of financial services in Lewisham & Bromley

Our Values

- Placing members' mutual interests first
- Operating in an ethical way in accordance with the Co-operative Principles
- Being at the forefront of financial inclusion and embracing the diversity of our community
- Working with integrity, respect and equality of opportunity
- Supporting, valuing, training, engaging and encouraging staff and volunteers, who will always strive to exceed expectations.

Our Objectives

- To increase membership and grow our organisation sustainably
- To support and serve the financial needs of the people of Lewisham and Bromley
- For the members, staff and Board to reflect the diversity of the community we serve
- To embrace innovation and technology, while maintaining face-to-face services through our branches
- To ensure good governance, oversight, management and regulatory compliance
- To develop partnerships with key stakeholders who support our vision.

CEO's Report

Following the tumultuous beginning to the new decade, this year should have been a walk in the park, with lockdown over and the pandemic at an end. It was anything but!

As the economy opened up we started seeing more of our members in branches. Having some staff working at home, with an additional branch to service, we had to spread our staff resources carefully.

We introduced mid-morning BACS processing, so that members get their funds much earlier than 2pm. This means members don't have to visit a branch to access cash. With lower footfall we withdrew cashier services on Wed & Thursday at our Green Man and Bromley branches.

We were able to go out and about in the community with our gazebo for People's day and Phoenix Festival, after four years. It was good to meet with people at these events again and make the wider community aware of our products and services.

We established some valuable new partnerships with local charities and social enterprises such as Deptford First, Dinardos, Goldsmiths College, Inspire Lewisham & Home Start Bromley. We are always looking to work collaboratively to help our community. I am pleased to say that our relationships with our long term partners, Phoenix, Lewisham Homes and Clarion remain strong.

We continue to train all our staff on various aspects of our work and it has been a very busy time for some. Colleagues have been moving around our four locations helping to cover holidays and sickness.

We are trying to improve our reach through digital marketing across all the main channels.

Please encourage your family and friends to join and benefit from amazing service and fair interest.

I am very grateful to our volunteers, who support us in many ways, and look forward to another year of growth and prosperity for all.

Ravi Ravindran, CEO, 2021/22

(Abridged. See Annual Report for full reports)

Insights for financially vulnerable consumers

There are at least 17.5 million people in the UK who are currently experiencing financially vulnerable circumstances. In October 2022, Fair4All Finance published findings from comprehensive research and analysis into their experiences.

The report identified six segments, with a spectrum of vulnerability and differing needs for different groups. Each group has some distinct characteristics, challenges, attitudes and perceptions. Understanding how people manage their financial lives can help to design products and services that work better for them.

Motivations for borrowing are surprisingly consistent. For segments 1-5, it is highly reactive (unexpected expenses) and many are taking loans to pay off another debt, or consolidate multiple debts.

Credit cards are used for flexibility and to improve credit score, which is important for segments 1,3 and 5.

Current use of different loans and credit products vary widely, both by type of product and by segment.

The important features of a loan are similar for most people. Speed and convenience, followed by reputation of the provider and then price and cost. Trust plays a strong role in choosing a credit provider. This is always either the top or second most important factor in choices made.

The six segments are outlined in the table, with total numbers in the UK.

1 Unsteady starters	Younger people with flexible incomes establishing their home, work and financial lives. They often use shorter term credit in smaller amounts.	1.3m
2 Squeezed and sliding	People with less certainty around their finances and becoming squeezed. Most are just about managing their debts but some are using savings or borrowing more to make ends meet.	3.9m
3 Credit crisis families	Families who are in a cycle of juggling and struggling with everyday bills and debts; finding as much credit as they can in all forms.	3.5m
4 Difficult debts	Reasonable income, renting families. They are burdened with repayments on higher, longer term debt levels from multiple sources.	2.2m
5 Forgotten families	People with very low income and low savings, with many living in poverty. They have lower levels of debt potentially explained by fewer options to access credit, or attitudes to credit.	3.6m
6 (Un)golden years	Older people, many with health issues. They have better financial circumstances than other groups but having limited ability to earn means they are worried about the future.	3.1m

Fair4All Finance were founded in 2019 through the Department of Digital, Culture, Media and Sport, to tackle the issue of financial inclusion. See website <https://fair4allfinance.org.uk/>

**fair4all
finance**

Loyalty Saver Loan

The credit union has helped over a thousand members with Loyalty Saver loans of more than £1.35 million. Loyalty Saver loans have our lowest interest rate (4.9% APR) and are available to members who have sufficient savings to be used as security to cover the loan balance.

V. had saved her money with the credit union for years and was looking forward to her retirement. She had paid the deposit for a special holiday for herself and her husband and went to withdraw £3,000 to pay for the holiday.

She had not realised she could use her own savings to reduce the cost of the loan. She was told about the loyalty loans and asked for one on the same day. She said, "Getting the £5,570 loan was so easy and we had the holiday and I borrowed extra for the house. It was really good, I agreed to pay the loan back at £150 a month. What I really liked was my savings were still there at the end of the loan." She has had a second Loyalty Loan since then, and even got her husband to have one.

Both members said they were very satisfied with the service.

Rent arrears repaid

I was in temporary accommodation in Kent a few years back as Bromley Council had placed me there. I wanted to come back to Bromley to be near family and friends, but I could not as I had rent arrears.

I approached Bromley Council for help. They referred me to the credit union and I was given a loan of a thousand pounds to pay off my rent arrears. I have never looked back.

Every year just before Christmas I pop down to the credit union and get a loan to buy presents, clothes, coats and shoes for my kids and they are sorted for another year.

It is almost like a ritual for me to go to the credit union and to visit "my angels" that's what I call them as they have been a huge help to me.

As a single mum with three children, I cannot get help from anywhere else and without the help of the credit union, I would not have been able to survive, let alone look after my children. I am very grateful for the help and support given to me.

New cooker in time for Christmas

It was coming up to Christmas and S., a single mother, needed a new cooker. She had a good income but not enough for the £350 cooker. She had only recently had a credit union loan, so couldn't immediately add to this. Fortunately, she was a tenant of Lewisham Homes and was referred by the credit union to their Welfare Benefits Team, to explore if she could apply for help from a hardship fund. The application required a breakdown of her income, a recent bank statement and details of what the fund would be used for.

It was completed and sent on the same day and was approved within 3 days. S. was able to get a cooker and a microwave from the fund.

She said "I was really anxious to get the cooker before Christmas, but I had just had a loan and the credit union was concerned that adding more to it was unaffordable for me. I was not sure about the grant – but with the help of the credit union I realise this was better for me."

Branch Contacts & Hours

262 Kirkdale, Sydenham,
London, SE26 4RS
Tel: 020 8778 4738
Email: admin@pluscu.co.uk

The Green Man at 355 Bromley
Road, Catford, SE6 2RP
Tel: 020 8461 4721
Email: greenman@pluscu.co.uk

Bromley Plus at 54 Cotmandene
Cres. St.Paul's Cray, BR5 2RG
Tel: 020 8302 1541
Email: bromley@pluscu.co.uk

All open 9.30am-1pm Mon-Fri.
Sydenham only 6.30-8pm Friday
and 10am-noon Saturday.

New Cross Learning, 283-5
New Cross Road, SE14 6AS
Mon-Fri 9.30am to 4.30pm

Closed Bank holidays and as per
notices on our website.

PrizeSaver Account

Our instant access saving account with free prizes will continue to be available at least to September 2023.



Two lucky members have won main prizes of £5,000, and others have won £20 – all at no cost to them.

Save up to £200 in a PrizeSaver instant access saving account and you could win free prizes too.

Download CU App

Download our **Lewisham Plus Credit Union Mobile App**, the most convenient way to manage your Credit Union savings and loans.

Search for "Lewisham Plus Credit Union" on the Google Play or Apple App store. If you already have the Incuto app, you can use the exact same login details in our new app.

Our website also supports mobile access and has an online Members' area to see up to date account details and request services.

Grow your savings

Save up to £30,000, £4 joining fee for adults, no fee for young savers.

To protect your funds, we require proof of ID for all withdrawals.

Dormant accounts under £10 balance - annual £2.50 fee (adult and junior accounts with no transactions for over 12 months). You also need to keep at least £1 in your share account or savings at all times to remain a member of the credit union.

Corporate Accounts

Deposit account available for local associations, clubs and charities.

Free Life Insurance included

Members up to age 70 receive up to £1,000 in life insurance on savings, at no charge. Loans are also covered up to a £5,000 limit, for members up to age 79.**

**All insurances subject to policy limits

Loans for members

Personal Loans up to £15,000 from 0.4% to 2%pm (4.9% to 26.8% APR).

Loyalty Saver Loan 0.4%pm/4.9% APR, loan fully secured by savings.

SAYB Loan 2% to 3%pm (26.8% to 42.6% APR), save as you borrow, with reduced rate on loans of £800+.

Household Goods Loan up to £500 extra for existing borrowers in good standing, 3%pm (42.6% APR)

Engage Ethical Card Services

Low cost prepaid Visa debit card, Classic £2 per month, no load fees.*

SmartCash electronic pocket money for 8-16s. £10 initial fee will be credited to the account as a £10 deposit available to spend. No monthly fee.*

Engage Premium Account Card service £5.95 per month*

*See full Terms and Conditions for details.

Balance Enquiries

Text **Balance** to **07537 410334**

The text will cost your standard network rate for an SMS. If you don't get a response, email admin@pluscu.co.uk with your name, member number and mobile phone number.

We strive to promote financial inclusion and to be a trusted provider of financial services in Lewisham and Bromley.

Our individual and approachable service is volunteer led but professionally managed. We exist for you and because of you.